



Rangitikei District Council

Audit and Risk Committee Meeting

Agenda – Thursday 27 February 2020 – 9:30 a.m.

Contents

1	Welcome	2	
2	Council prayer	2	
3	Public Forum	2	
4	Apologies/Leave of Absence	2	
5	Members' conflict of interest	2	<i>Agenda note</i>
6	Confirmation of order of business	2	<i>Agenda note</i>
7	Confirmation of minutes	2	Attachment 1, pages 6-11
8	Chair's report	2	<i>Agenda note</i>
9	Strategic risks	2	Attachment 2, pages 12-20
10	Work programme matrix – update	3	<i>To be tabled</i>
11	Risks in developing the 2021-31 Long Term Plan	3	<i>Agenda note</i>
12	Internal Audit programme – progress update	4	<i>Agenda note</i>
13	Report to Council on the Audit of Rangitikei District Council, 2018/19.....	4	<i>To be tabled</i>
14	Late items.....	4	<i>Agenda note</i>
15	Future items for the agenda	4	<i>Agenda note</i>
16	Next meeting.....	4	<i>Agenda note</i>
17	Meeting closed.....	4	

The quorum for the Audit and Risk Committee is 3.

Council's Standing Orders (adopted 31 October 2019) 11.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

1 Welcome

2 Council prayer

3 Public Forum

4 Apologies/Leave of Absence

5 Members' conflict of interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

6 Confirmation of order of business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, be dealt with as a late item at this meeting.

7 Confirmation of minutes

The Minutes of the Audit/Risk Committee meeting held on 5 December 2019 are attached.

File ref: 3-CT-17-2

Recommendation:

That the Minutes of the Audit/Risk Committee meeting held on 5 December 2019 [as amended/without amendment] be taken as read and verified as an accurate and correct record of the meeting.

8 Chair's report

There will be no Chair's report for this meeting.

9 Strategic risks

Council considered the strategic risks adopted by the Committee at its workshop on 30 January 2020. As part of that, consideration was given to how they related to the two variables in the risk matrix – i.e. likelihood and consequences. This shows the highest risks are from the weakening of human capital and the questioning of regulatory effectiveness. That assessment, together with the adopted statement of risks, is attached for information.

There was no change suggested to the statement of strategic risks.

10 Work programme matrix – update

The Work programme matrix – update will be tabled at the meeting.

Recommendation:

That the tabled 'Work programme matrix – update' to the 27 February 2020 Audit/Risk Committee be received.

11 Risks in developing the 2021-31 Long Term Plan

The ten risks identified for the 2018-28 Long Term Plan remain relevant:

1. Disconnect between asset information data and activity management plans and budget information, in terms of completeness of data and accuracy of information.
2. Failure to give effect to the statutory purpose of a long-term plan with the likelihood of a qualified opinion from the auditors if that is not evident.
3. Failure of the budget model (or misunderstandings/mistakes in its application), leading to incomplete and/or inaccurate financial statements, with the likelihood of a qualified opinion from the auditors.
4. Failure to articulate a ten-year vision in the plan (and the thirty-year planning horizon required by the infrastructure strategy), to describe real choices for the community, and to explicitly explain the implications of affordability – any one of which could lead to a qualification from the auditors.
5. Insufficient/confusing evidence of supporting documentation (asset management plans, activity management plans, draft policies, organisation-wide performance metadata, etc.) potentially leading to a qualification from the auditor because of inadequate quality of information.¹
6. Flawed or confused consultation process so the community considers there has been an inadequate opportunity to influence the adopted plan.
7. Lack of buy-in by the Mayor and Councillors, potentially meaning that the adopted plan and the process in its development are regarded as largely irrelevant to Council's business.
8. Failure to adhere to the planned timelines for the project, potentially leading to late adoption of the plan, potentially leading to a qualification from the auditors.
9. Loss of document integrity, potentially meaning that substantial rework is necessary, with consequent extra costs and time to rectify
10. Loss of staff expertise during the project, which could result in any or all of the failures noted above.

¹ Local Government Act 2002: section 93G and section 94(!).

In addition, there is the risk attached to the significant forecasting assumptions² meaning the evidence for them needs to be scrutinised including the nature of the risk and level of uncertainty. This also applies to the assumptions which must be included in the infrastructure strategy about the life cycle of significant infrastructure assets, growth or decline in the demand for relevant services, and increases or decreases in relevant levels of service³.

12 Internal Audit programme – progress update

This is under development, in consultation with Cotton Kelly.

13 Report to Council on the Audit of Rangitikei District Council, 2018/19

The management report from Audit New Zealand with Council's responses will be tabled at the meeting (and circulated electronically beforehand, if available)

File: 5-EX-2-4

Recommendation:

That the report to Council on the Audit of Rangitikei District Council, 2018/19 to the 27 February 2020 Audit/Risk Committee be received.

14 Late items

As agreed in item 6.

15 Future items for the agenda

Insurance

Payroll review

16 Next meeting

Thursday 25 June 2020, 9.00am

17 Meeting closed

² Local Government Act 2002: Schedule 10, clause 7.

³ Local Government Act 2002: section 101B(4)(c) and (d)